

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Nordic Printing & Packaging, Inc.,
Debtor.

BKY 03-36039
Chapter 11 Case

DEBTOR'S RESPONSE TO MOTION TO DISMISS

Nordic Printing & Packaging, Inc. ("Debtor") submits the following response to the Motion by the United States Trustee to Convert or Dismiss Chapter 11 Case ("Motion") brought by the United States Trustee for Region 12 ("U.S. Trustee").

The hearing on the Motion and this Response will be held in Courtroom 228A, U.S. Courthouse, 316 North Robert Street, St. Paul, Minnesota on September 22, 2004 at 11:00 a.m.

The Debtor relies on the following facts in opposition to the Motion.

The Debtor filed a petition for Chapter 11 reorganization on September 3, 2003 ("Filing Date"). The Debtor's business was the manufacturing of printed material and printed folding cartons. During the course of its Chapter 11 case, the Debtor sought investors and alternative sources of financing. The Debtor also sought potential purchasers either of stock in the company or of the Debtor's assets. Based on many months of efforts, and based on the operational status of the Debtor, the Debtor decided to enter into a purchase agreement for the sale of substantially all of its assets. The sale was approved by the Bankruptcy Court and closed.

Since the sale, the Debtor has been tending to administrative matters. Among the matters handled are the termination of the health plan and the 401(k) plan. The Debtor hired a professional to investigate the potential for a refund of sales taxes paid.

The U.S. Trustee has brought its motion on the following alleged grounds: (1) the Debtor's failure to comply with the reporting requirements of the U.S. Trustee; (2) the lack of income producing business, accruing post-petition liability, lack of funds to start a business and the lack of operating assets; and (3) the Committee's then expressed preference for conversion.

Compliance with U.S. Trustee's Reporting Requirements

The U.S. Trustee identified present and potential deficiencies in the Debtor's compliance with the U.S. Trustee's reporting requirements: (1) failure to submit the March monthly operating report; and (2) the potential failure to submit the April monthly operating report and to pay the quarterly fee due for First Quarter, 2004.

The Debtor has submitted the March monthly operating report to the U.S. Trustee, is current on the submission of ongoing operating reports, including the report due for August, 2004, and paid the U.S. Trustee fee for the quarters due.

Lack of Assets and Income

The Debtor acknowledges that it has no operating assets, income or business to reorganize. The purpose for continuance of the case as a chapter 11 is to file a plan of liquidation, to liquidate remaining assets, and to commence distribution to creditors.

Committee Preference

At the time that the Motion was filed, the Committee had indicated to the U.S. Trustee that it wanted the case converted. After consulting with the Debtor after the Motion was filed, the Committee changed its position and decided that the Debtor, through Diana Foster, was in the best position to efficiently liquidate remaining assets and distribute funds to the creditors, according to the information and belief of the Debtor.

The Debtor will file a First Amended Disclosure Statement and First Modified Plan prior to the hearing on the Motion. The Debtor wishes the opportunity to seek approval of the Disclosure Statement and confirmation of the Plan.

Notice of Witness(es)

The Debtor hereby provides notice that at any hearing on the Motion and on this Response, the Debtor may call the following witnesses: Diana Foster, President of the Debtor. She will testify to the facts stated in this Response, any additional facts and circumstances relevant to the Motion and/or this Response.

WHEREFORE, the Debtor asks the Court for the following relief: (a) Denying the Motion; or (b) in the alternative, a continuance of the Motion; and (b) Granting any other relief the Court deems just and proper.

HENSON & EFRON, P.A.

Dated: September 17, 2004


/e/ Mary L. Cox
William I. Kampf (#53387)
Mary L. Cox (#176552)
220 South Sixth Street, Ste 1800
Minneapolis, MN 55402
Telephone: 612-339-2500

Attorneys for Debtor

VERIFICATION

I, Diana J. Foster, President of Debtor herein, declare under penalty of perjury that the facts contained in the foregoing Debtor's Response to Motion to Dismiss are true and correct, to the best of my knowledge, information and belief.

Dated: 9/17/04


Diana J. Foster

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

BKY 03-36039

Nordic Printing & Packaging, Inc.

Debtor.

PROOF OF SERVICE

The undersigned states that she is an employee of Henson & Efron, P.A., and in the course of said employment, on the date indicated below, she served the following:

Debtor's Response to Motion to Dismiss; and Proof of Service

on the entities named below and/or on the attached service by enclosing true and correct copies of same in an envelope, properly addressed and postage prepaid, and depositing same in the United States mail, unless otherwise noted; and that she certifies the foregoing under penalty of perjury.

United States Trustee
300 South Fourth Street
1015 U.S. Courthouse
Minneapolis, MN 55415
Fax: 612-664-5516

Unsecured Creditors Committee
c/o Ralph V. Mitchell, Esq.
120 S Sixth St, Ste 2500
Minneapolis, MN 55402
Fax: 612-338-6651

Dated: September 17, 2004

/e/ Tawney Jameson